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UNITED STATES DEPARTMENT OF AGRICULTURE
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THE TOBACCO SITUATION

Summary

A large part of the 1938 tobacco crop has been sold at generally lower prices than received for the 1937 crop, reports the Bureau of Agricultural Economics. Sales of flue-cured have ended and only a small proportion of the Burley crop remains to be sold. Marketings of both of these tobaccos have proceded at an unusually rapid rate. Substantial proportions of the crops of the less important tobaccos, namely fire-cured, dark air-cured and cigar leaf and all of the Maryland crop, are still unsold.

Sales of flue-cured leaf up to December 31 brought an average price of 22.5 cents. The average price for the entire production, (estimated in December at 788,100,000 pounds) is expected to be between half a cent and a cent below last year's average of 23.0 cents. Exports of flue-cured have been well maintained so far this season compared with last.

Burley prices have averaged between 19 and 20 cents, with the higher grades and qualities materially lower in price and the lower qualities considerably higher than last year. The general market average from week to week has displayed a high degree of steadiness this season in contrast to 1937-38, 1936-37 and some other years. It is believed that actual marketings of Burley will be considerably less than the crop of 387,700,000 pounds estimated as of December 1.

Prices of Virginia fired and sun-cured tobaccos and prices of Green River have been about the same as or slightly higher so far this season than last. Kentucky and Tennessee fire-cured and One Sucker, however, have declined in price. The quality of the dark tobaccos of Kentucky and Tennessee

is extremely poor this season due mainly to the ravages of wildfire during the exceptionally wet growing season. Advances made by the cooperative associations in the dark tobacco areas on the various qualities of tobacco and the price at which the common grades are taken by the Federal Surplus Commodities Corporation, were reduced on tobacco sold on and after December

Tax-paid withdrawals of tobacco products have shown relatively littl change during recent months. Prospective further improvement in consumer i comes during the first half of 1939 should result in a slight increase in t consumption of tobacco products, particularly cigarettes and cigars.

Apportionment of tobacco acreage allotments among the producing Stat under the 1939 Agricultural Conservation Program were announced January 26. The allotments for all kinds of tobacco except Burley represent a division among the States of national allotments originally provided for under the 1939 progra.. For Burley, the allotments are larger than those anticipated at the time the program was announced due to the smaller 1938 production of Burley now indicated. State allotments will be divided among counties and individual farms. National allotments are as follows: flue-cured 884,400 acres; Burley, 405,000; dark, 160,100; and cigar, 91,000 acres.

FLUE-CURED, TYPES 11-14

Prices and crop value somewhat below 1937-38 season

The marketing season for flue-cured tobacco has closed. It is estima that season average prices will be between a half cent and a cent lower, and value of the crop between 10 and 15 percent less, than in the 1937 season.

Sales up to December 31 totaled 765,452,305 pounds at an average pric 22.5 cents as compared with sales of 820,681,969 pounds at an average price 23.5 cents for the corresponding period in 1937. The average price for this year's flue-cured crop probably will be between 22 and 22.5 cents as compare with an average of 23 cents for the previous season. The value of the crop expected to be between 10 and 15 percent less than the $196,782,000 record of the preceding year. This season's crop has been marketed at an almost un precedentedly rapid rate.

The following table shows the price, quantity and derived value of sa by types, States, and months for those States submitting warehouse sales rep (Florida does not make a warehouse sales report). The pushing forward of sa into the first part of the season is evident in Virginia and the Carolinas, though the picture probably would be more striking if sales data by weeks we available.

Flue-cured tobacco: Warehouse sales and price per pound received by growers, by months and States, 1937-38

Month	Type 11 - Virginia						Type 11 - North Carolina					
	1937			1938			1937			1938		
	Quantity	Price	Value	Quantity	Price	Value	Quantity	Price	Value	Quantity	Price	Value
	1,000 pounds	Cents	1,000 dollars	1,000 pounds	Cents	1,000 dollars	1,000 pounds	Cents	1,000 dollars	1,000 pounds	Cents	1,000 dollars
Aug.	---			---			---			678	22.6	153
Sept.	3,162	26.1	825	10,574	22.1	2,337	21,880	25.9	5,667	40,977	21.7	8,892
Oct.	34,995	26.1	9,134	40,616	24.5	9,951	78,619	26.2	20,598	70,983	24.6	17,462
Nov.	29,421	23.5	6,914	27,430	20.6	5,651	52,006	22.6	11,753	41,966	21.4	8,981
Dec.	11,691	16.9	1,976	6,847	15.9	1,089	19,716	17.4	3,431	11,117	16.7	1,857
Total	79,269	23.8	18,849	85,467	22.3	19,028	172,221	24.1	41,449	165,721	22.5	37,345
	Type 13 - North Carolina						Type 13 - South Carolina					
Aug.	35,470	24.1	8,548	55,240	24.5	13,534	41,372	23.6	9,764	58,684	23.9	14,025
Sept.	43,933	21.4	9,402	25,462	19.8	5,041	46,187	19.3	8,914	26,730	19.0	5,079
Oct.	412	18.8	1,393	405	16.1	65	13,793	17.7	2,441	1,257	15.0	189
Nov.	---			---			---			---		
Dec.	---			---			---			---		
Total	86,815	22.3	19,343	81,107	23.0	18,640	101,352	20.8	21,119	86,671	22.3	19,293
	Type 12 - North Carolina						Type 14 - Georgia					
July	---						12,875	25.2	3,244	14,486	26.8	3,882
Aug.	12,703	21.7	2,757	25,829	22.7	5,863	70,368	18.6	13,088	80,391	19.2	15,435
Sept.	116,716	22.0	25,678	111,818	21.8	24,376	---			---		
Oct.	119,940	29.7	35,622	92,954	25.8	23,982	---			---		
Nov.	37,214	24.1	8,969	9,297	19.8	1,841	---			---		
Dec.	2,263	15.6	353	---			---			---		
Total	288,836	25.4	73,379	239,898	23.4	56,062	83,243	19.6	16,332	94,877	20.4	19,317

Compiled from monthly tobacco warehouse sales reports.

Growers reject marketing quota for 1939

Under the terms of the Agricultural Adjustment Act of 1938 if the supply of flue-cured tobacco on the 15th of November is determined by the Secretary of Agriculture to be in excess of the "reserve supply level," a marketing quota is put into effect for the next year's crop subject to the approval of two-thirds of the growers.

In a referendum held on December 10 growers voted 56.8 percent in favor of a marketing quota for the 1939 crop, thus failing to give the necessary two-thirds majority. The percentage of votes cast in favor of the quota by States was: Virginia 43.3, North Carolina, 57.3, South Carolina 59.8, Georgia 62.0, Florida 62.3, and Alabama 93.3.

Little change in prospective domestic consumption

Tax-paid withdrawals of cigarettes and manufactured tobacco in the 6 months August to December 1938 were approximately the same as in the corresponding period a year earlier. Withdrawals showed comparatively littl decline during the period of declining business activity and consumers' incomes in late 1937 and early 1938.

Withdrawals have displayed no significant rising tendency during the past few months. The higher level of consumers' incomes at the present time relative to a year earlier, however, and the probability that general business conditions will show some further gain during the next few months make it appear probable that the demand for and consumption of most tobacco products will remain steady and perhaps show some moderate increase.

With a well maintained and perhaps slightly increased demand in prospect for cigarettes and smoking mixtures, domestic consumption of flue-cured in the 12 months ended June 30, 1939, probably will equal or slightly exceed that of the preceding year.

Exports well maintained so far this season

Exports of flue-cured leaf in the 6 months ended December 1938 totale 256,562,823 pounds compared with 233,262,679 pounds in the corresponding period a year earlier. This strong export demand, in spite of a generally lower level of business activity in foreign countries than at this time last season, a considerable degree of political unsettlement throughout the world and weakness in the exchange value of the pound sterling, is a favorable factor in the outlook for flue-cured tobacco.

It should be recalled, however, that the high level of total exports in the 1937-38 season relative to recent years resulted from an unusually heavy export movement during the last half of the season. Moreover, the rather large volume of exports so far this season possibly is due partly to factors which may operate for a relatively short period of time. According t the latest information stocks of Empire flue-cured in the United Kingdom last autumn were much above the average of previous years and also were lar

relative to the increased rate of consumption for these tobaccos. Stocks of American leaf as a whole occupied about a normal relationship to current rates of consumption. It is reported, however, that stocks of certain grades of American leaf in the hands of British manufacturers and dealers were low due to the fact that these grades of leaf were held almost entirely by domestic cigarette manufacturers in the United States. Large British purchases in recent months may represent in part a replenishment of depleted stocks of certain qualities. Low prices for the higher grades of flue-cured leaf this season as compared with prices for lower qualities also probably have stimulated British takings, a large part of which are represented by high grade tobacco.

Exports to China, the second most important foreign market for United States flue-cured tobacco, have been larger so far this year than in the corresponding period a year earlier, notwithstanding the widespread disorganization existing in the industry and commerce of that country. Here, also, however, conditions which may prove to be temporary are responsible, at least in part for the well maintained takings of United States leaf. The 1938 Chinese crop is estimated at only 81 million pounds compared with the record-breaking crop of 210 million pounds in 1937. While the 1938 production was materially less than prospective consumption during this year a large part of the 1937 crop has not been marketed and is now being disposed of in some sections along with the production of the current season.

Notwithstanding the considerable quantities of Chinese tobacco available, serious obstacles are hindering its flow to manufacturers of machine-made cigarettes in the principal cities. Among these are the general disruption of transportation and communication facilities, and the unwillingness of farmers to sell tobacco and hold cash under conditions of currency uncertainty and guerilla warfare. Another factor which has been hampering the movement of leaf from Tsingtoo and the Shantung district to Shanghai and other cities is the currency regulations covering the use of North China Federal Reserve Bank Notes (Notes issued by Japanese controlled North China banks). The open market rate for this currency is considerably below the official rate. In an attempt to force the purchase of these notes at the official exchange rate, Japanese authorities have been allowing leaf buyers, Japanese, Chinese, British, and American to buy Chinese leaf only under special permits which have been granted after buyers have furnished proof that they have obtained North China Federal Reserve Bank Notes equivalent to a given percentage of the value of the leaf they desire to purchase.

Disappearance and July 1939 stocks may be about same as year earlier

In view of the likelihood that domestic consumption will be well maintained in 1938-39, if exports continue to hold up, total disappearance of flue-cured leaf this season will be about the same as last year. Disappearance in 1937-38 was 783,600,000 pounds. This is about equal to the 1938 production and would result in stocks on July 1, 1939 not greatly different from the 954,500,000 pounds held on the corresponding date in 1938.

Flue-cured tobacco: Domestic supplies, disappearance, and season average price, average 1932-36, annual 1937-38 1/

Year	Production	Stocks, July 1	Total supply	Disappearance, year beginning July	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average 1932-36 ...	631.6	785.9	1,417.5	628.3	19.3
1937	854.9	883.2	1,738.1	783.6	23.0
1938	2/ 788.1	954.5	1,742.6	----	---

1/ Farm-sales-weight equivalent. 2/ Indicated December 1.

BURLEY, TYPE 31

Burley markets opened December 5 and 6 with the general market average below December prices a year earlier. The average price for leaf sold in Kentucky in December was 20.2 cents compared with 24.5 cents in 19 It is likely that prices will not show as sharp a decline toward the end o the season as was the case in 1936 and 1937. In fact, a large proportion the crop already has been sold at prices not greatly different from the opening. The general average price for sales of the 1938 crop probably wi be only moderately below last year's average of 20.1 cents.

Marketings heavy; crop mostly sold; lower grades relatively high

Sales during December in Kentucky according to warehouse sales repo totaled 110,296,483 pounds, or 14 percent more than sales during December 1937. The crop of the present season in Kentucky is estimated at 267,750,0 pounds compared with 276,555,000 pounds last season. Assuming that tobacc in all of the Burley producing States sold at the same rate as in Kentucky more than 162 million pounds or about 42 percent of the total crop of 387,663,000 pounds had been sold by December 31.

It is widely believed by trade and other private sources that the actual crop of Burley will be considerably smaller than was estimated by t Government as of December 1. Private estimates place the crop at not over 360 million pounds. If this should be the case, the crop has been selling at an even more rapid rate than is indicated by a comparison of warehouse sales during December and the December 1 estimate of production of the Bur of Agricultural Economics. Apparently sales have been conducted with equa or greater rapidity during January. Trade sources report sales for the se up to January 20 of 321 million pounds at an average price of 19.6 cents. volume of marketings is expected to taper off rapidly with practically al of the crop sold by the middle of February.

While the general market average has been somewhat below that of the preceding season, leaf and tips, particularly the lower qualities, have been considerably higher than a year earlier, and the lugs, cutters and flyings have been decidedly lower in price. The leaf and tip groups are extensively used as fillers in plug chewing tobacco while the lugs, cutters, and flyings are the typical cigarette and smoking tobacco groups.

Many explanations have been offered for the sharp advance in prices for the lower grades on the one hand, the demand for which has been considered to be declining, and the heavy decrease in prices for the higher qualities on the other, the consumption of which has been increasing along with the expanding utilization of cigarettes. Among the existing causal factors the two following probably are important; (1) Close setting of plants and a great abundance of moisture have combined to make an unusually large proportion of the current season's production consist of the smoking grades.

Due to the small proportion of the crop represented by tobacco on the heavy side, buyers have been bidding actively on leaf and tips with a preference shown for the red colors. (2) There has been an upward trend in the proportion of Burley stocks in the hands of dealers and manufacturers represented by lugs, cutters and flyings and a corresponding decline in the share accounted for by leaf and tips. In 1932 and 1933 the former groups made up from 40 to 45 percent of the total stocks, but on October 1, 1938 about 62 percent of total stocks consisted of these smoking tobacco groups. 1/

In previous seasons, particularly in 1936-37 and 1937-38, Burley prices declined drastically during the last half of the season from the levels of December and early January. The reasons for this sharp seasonal decline in general market averages probably are due in part at least to the following factors. In the first place, a larger proportion of late season marketings tend to consist of low grade tobacco. However, there also has been a tendency for prices for what apparently are the same grades of tobacco to decline as the season advances. One of the influences responsible for this occurrence is that an important buyer or buyers in certain seasons may fill other requirements in the first part of the marketing period and then drop completely or almost completely out of the market during the remainder of the season.

Price trends during recent seasons likely are partly responsible for the fact that farmers this year have been hurrying tobacco to market at a more rapid rate than usual. A large proportion of the crop has been sold at comparatively steady prices. The shortness of the season, the much narrower range in prices between the low and better grades, and perhaps some change in policy on the part of the buying interests, both as a result of widely varying estimates of the size of the crop and as a result of the widespread dissatisfaction which followed the sharp fall in Burley prices at the end of the 2 preceding seasons may have been factors

1/ See Notes on the Kentucky Agricultural Situation, prepared by the Department of Markets and Rural Finance, College of Agriculture, University of Kentucky, December 19, 1938.

contributing to the comparative steadiness of prices so far this year. Prices during the few selling weeks remaining may decline less than in previous years, and the quantity of tobacco left to be sold represents a much smaller proportion of the crop than on the average in the past.

Growers reject quota; stocks on October 1, 1939 will be larger

In a referendum held on December 17 Burley growers failed to approve a marketing quota for the 1939 crop. Kentucky voted 73.2 percent in favor of the quota, but heavy votes against the proposition in most of the smaller producing States brought the national average down to 59.4 percent, less than the required two-thirds majority.

Even though actual Burley production in 1938 proves to be materially less than that estimated as of December 1, stocks on October 1, 1939 are expected to show an increase over the 660,700,000 pounds held on October 1, 1938. Total disappearance in the 12 months ended October 1, 1939 probably will be slightly greater than the 313,400,000 pound disappearance of a year earlier due to the well maintained consumption of cigarettes and smoking mixtures, but disappearance will be less than 1938 production.

Burley tobacco: Domestic supplies, disappearance, and season average price, average 1932-36, annual 1937-38 1/

Year	Production	Stocks, Oct. 1	Total supply	Disappearance, year beginning Oct.	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average 1932-36	274.8	735.0	1,009.8	297.0	18.9
1937	402.3	571.8	974.1	313.4	20.1
1938	2/ 387.7	660.7	1,048.4		

1/ Farm-sales-weight equivalent.
2/ Indicated December 1.

Season average prices per 100 pounds of Burley tobacco by grades on representative markets, 1937 and 1938 season to date

Type 31

United States standard grades 1/	Crop of - 1937	Crop of - 1938 2/	United States standard grades 1/	Crop of - 1937	Crop of - 1938 2/
	Dollars	Dollars		Dollars	Dollars
Leaf:			Lugs: (Contd)		
B1F	37.00	28.00	C1F	39.00	29.50
B1R	24.00	24.00	C2L	39.00	28.50
B2F	32.00	26.00	C2F	37.00	28.00
B2R	21.00	21.50	C3L	37.00	27.00
B3F	26.50	23.50	C3F	34.00	26.00
B3R	16.00	19.00	C3R	29.00	24.00
B3D	10.50	17.00	C3G	19.50	14.50
B3G	12.25	12.00	C4L	34.00	24.50
B4F	20.00	20.00	C4F	29.00	23.00
B4R	11.00	15.75	C4R	23.00	20.00
B4D	7.00	12.50	C4G	13.25	13.00
B4G	6.75	10.00	C5L	24.00	19.00
B5F	12.75	14.75	C5F	20.00	17.00
B5R	6.75	12.25	C5R	14.50	14.50
B5D	4.50	9.75	C5G	7.50	9.75
B5G	3.75	7.25			
			Flyings:		
Tips:			X1L	39.00	28.50
T3F	19.00	19.50	X1F	38.00	27.50
T3R	11.25	15.25	X2L	38.00	27.00
T3D	8.00	12.75	X2F	38.00	26.50
T4F	12.75	14.25	X3L	35.00	24.00
T4R	7.25	11.75	X3F	34.00	23.00
T4D	4.75	9.50	X3R	29.00	21.00
T4G	4.50	8.25	X4L	29.50	19.50
T5F	7.50	10.50	X4F	27.00	18.00
T5R	4.25	9.00	X4R	21.50	15.75
T5D	3.00	7.50	X4G	14.50	12.00
T5G	2.75	6.50	X5L	21.00	14.25
			X5F	17.50	12.75
Lugs:			X5R	13.00	11.00
C1L	39.00	29.50	X5G	8.75	9.00

1/ Key to standard grade marks for Burley tobacco

Group	Quality	Color	Special Factor
A - Wrappers	1 - Choice	L - Buff or straw	V - Greenish Tinged
B - Leaf	2 - Fine	F - Tan	M - Mixed
T - Tips	3 - Good	R - Red	K - Variegated
C - Lugs or cutters	4 - Fair	D - Dark Red	W - Doubtful keeping order
X - Flyings	5 - Low	G - Green	U - Unsound or damaged under 20%

2/ Season through January 19, 1939.

MARYLAND, TYPE 32

Producers' sales of the 1937 crop at Baltimore in the calendar year 19 totaled 21,302,585 pounds at an average price of 17.8 cents compared with sal of nearly 31 million pounds in the preceding year at an average price of 25.3 cents. The value of sales in 1938 of $3,784,755 was less than half the value of sales in the preceding year and represented the smallest value for any cor sponding period since 1922. Prices held up well toward the level of 1937 dur the first part of the year but fell to an extremely low level between Septemb and December.

The sharp decline in prices this past season probably was due in a con siderable measure to the low average quality of the crop and further weakness in foreign demand. Exports of Maryland leaf in 1938 were 4,509,375 pounds compared with 5,320,779 in 1937 and an average of around 14 million pounds during the 1920's. It is likely that the coincidence of shrinking foreign de mand and a crop containing a larger proportion of low grade tobacco has had a especially depressing effect upon the market inasmuch as foreign countries ha bought chiefly of the cheaper qualities.

The 1938 crop of over 29 million pounds will be sold during the calend year 1939. Further improvement in business conditions in this country with a consequent increase in the demand for tobacco products may expand domestic outlets for Maryland leaf in 1939, but there does not seem to be any prospect for improvement in the foreign situation. Farmer's organizations in the Mary land district have proposed to sell part of the 1938 crop over loose leaf auction floors.

Maryland tobacco: Domestic supplies, disappearance, and season average price, average 1932-36, annual 1937-38 1/

Year	Production	Stocks, Jan. 1 of following year	Total supply	Disappearance, following calendar year	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average, 1932-36	27.3	36.9	64.2	25.5	19.5
1937	25.2	41.1	66.3	3/ 29.3	17.5
1938	2/ 29.2	3/ 37.0	3/ 66.2		

1/ Farm-sales-weight equivalent.
2/ Indicated December 1.
3/ Estimated.

FIRE-CURED AND DARK AIR-CURED TOBACCOS, TYPES 21-24 AND 35-37

Kentucky and Tennessee fire-cured tobaccos have sold lower than at the opening last season, but Virginia fire-cured and two of the dark air-cured ty Green River and Virginia Sun-cured, have brought prices about the same as or slightly higher than last year. Prices probably will show relatively little change throughout the remainder of the season. The average quality of dark

tobaccos this season, particularly those produced in Kentucky and Tennessee, is much below normal due mainly to the ravages of wildfire and other concomitants of an extremely wet growing season. On the other hand, during the fall, the weather was so dry in the Kentucky and Tennessee fire-cured areas that it was almost impossible to handle and strip tobacco. As a result the opening of markets for Types 22 and 23 were delayed to an unusually late date.

Sales of Virginia fire-cured, Type 21 during December totaled 4,326,893 pounds at an average price of 10.13 cents per pound compared with 3,684,778 pounds at 9.89 cents in the corresponding month in 1937. Prices have shown a moderate rising tendency so far during January. Four of the five markets reported an average price on sales for the season through January 19 of 10.71 cents per pound. The general market average for the 1937 crop was 10.69 cents.

Auction markets for Kentucky and Tennessee fire-cured, Type 22 opened on January 10 and 11. The market average so far has been lower than in 1937 due in part to the lower average quality of the crop. Prices for corresponding grades and qualities, however, also have been somewhat below last season. As reported by the Tobacco Boards of Trade, sales this season through January 18 amounted to 1,817,531 pounds at an average price of 7.88 cents. The average price received for last season's crop was 11.5 cents. Sales for Type 23 fire-cured began on January 16 and 17. Prices have ranged considerably below last season's average of 8.9 cents. Both 22 and 23 have suffered more severely from wildfire disease and the unusually wet growing season has produced a great quantity of thin, bodyless, lifeless leaf.

One sucker tobacco, Type 35 sold in Kentucky during December at an average price of 6.07 cents per pound compared with 8.19 cents in December 1937, according to warehouse sales reports. The 1937 season average price for One Sucker was 7.4 cents.

Green River, Type 36 sold in December brought an average price of 10.19 cents, compared with 9.79 in December 1937 and an average for last season of 9.0 cents. Prices showed comparatively little change in January, although some rise was reported on the Owensboro market due to an improvement in the average quality of the leaf offered for sale.

Prices for the two minor dark types, Henderson Stemming, Type 24 and Virginia Sun-cured, Type 37 were higher in December than a year earlier, according to warehouse sales reports.

Growers Reject Quotas - Association Advances Cut - Subsidized Export to Spain

In a referendum held on December 17 growers of dark tobaccos failed to approve a quota for the 1939 crop by the necessary two-thirds majority, the percentage of votes cast in favor of a quota being 60.4. On December 23 the Secretary of Agriculture approved a cut in advances made to growers by cooperative associations operating in the dark tobacco areas from the level of last year by amounts ranging up to 20 percent on all types and grades. These reductions were effective on and after December 26. Funds for the advances made by the Associations to their members when their tobacco does not

sell on the warehouse floor for the price previously set for that particular grade and quality are obtained from the Commodity Credit Corporation and its agencies. This tobacco is subsequently sold into trade channels or is dispose of through the operation of the By-products Diversion Program of the Agricultu Adjustment Administration.

The buying price for the common grades of dark tobaccos bought by the Federal Surplus Commodities Corporation which tobacco is devoted to experimen and other uses, also was cut from $2.75 to $2.25 per hundred pounds. Most of the common grades, particularly in the One Sucker type, are being delivered t to the Federal Surplus Commodities Corporation.

An agreement was concluded recently between the Eastern Dark Fired Tobacco Grower's Association and a private trading concern providing for the sale of 10 million pounds of dark fired tobacco for export to Spain. This tobacco will be 75 percent Type 22 and 25 percent Type 23, and will come from stocks of the 1934 crop held by the Associations. The tobacco will be delive d for export before July 1, 1939. The present highly disturbed situation in Spain necessarily must be taken into consideration in connection with the fulfillment of the above agreement.

Value of Present Crop Will Be Small - Long Time Outlook Unfavorable

Although the average price for all dark tobaccos of the 1938 crop may be only moderately lower than last season, the value of the production will be considerably less as a result of a combination of low prices and a sharply reduced production. Crops of fired tobacco, Types 21-24 are estimate as of December 1 to be less than 100 million pounds against nearly 120 millio in 1937. Production of dark air-cured leaf is placed at 37,900,000 pounds compared with 47,400,000 pounds last season. Due primarily to the By-product Diversion Program, disappearance of fire-cured tobacco has exceeded productio for the past few years with a consequent reduction in stocks and total supplies. Stocks on October 1, 1939 probably will show a further decrease.

The long-time outlook for the demand for and consumption of dark fired and dark air-cured tobaccos continues to be unfavorable due to the continued world-wide shift toward products made from the lighter, milder tobaccos and the continuation of severe trade barriers and high levels of production of competing types of leaf in foreign countries.

Dark tobaccos: Domestic supplies, disappearance, and season average price, average 1932-36, annual 1937-38 1/

Year	Production	Stocks Oct. 1	Total supply	Disappearance year beginning October	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Fire-cured					
Total, Types 21-24					
Average 1932-36	120.5	209.7	330.2	128.0	9.5
1937	119.8	170.7	290.5	122.2	10.7
1938	2/ 99.8	168.3	268.1		
Dark air-cured					
Total, Types 35-37					
Average, 1932-36	32.7	73.3	106.0	39.5	8.5
1937	47.4	48.2	95.6	35.2	8.1
1938	2/ 37.9	60.4	98.3		
One Sucker, Type 35					
Average, 1932-36	15.2	33.3	48.5	17.8	8.6
1937	24.6	23.8	48.4	14.8	7.4
1938	2/ 19.2	33.6	52.8		
Green River, Type 36					
Average, 1932-36	15.2	36.7	51.9	19.1	8.2
1937	19.8	22.0	41.8	18.2	9.0
1938	2/ 16.2	23.6	39.8		
Va.Sun-cured, Type 37					
Average, 1932-36	2.3	3.3	5.6	2.6	10.2
1937	3.0	2.4	5.4	2.2	8.9
1938	2/ 2.5	3.2	5.7		

1/ Farm-sales-weight equivalent.
2/ Indicated December 1.

Season average prices per 100 pounds of fire-cured tobacco by grades on representative markets, 1937 and 1938 season to date.

Type 21

United States standard grades 1/	Crop of - 1937	Crop of - 1938 2/	United States standard grades 1/	Crop of - 1937	Crop of - 1938 2/
	Dollars	Dollars		Dollars	Dollars
Wrappers:			Thin leaf (contd.)		
A1F 45	---	39.00	C3G 45	11.00	11.2
A1D 45	---	40.00	C4L 45	13.00	12.2
A2F 45	31.00	30.00	C4F 45	12.75	12.7
A2D 45	28.00	30.00	C4D 45	11.00	11.7
A3D 45	23.50	24.50	C4M 45	10.00	10.2
			C4G 45	9.25	9.7
Heavy leaf:			C5L 45	11.50	10.2
B1F 45	28.00	28.00	C5F 45	11.00	10.7
B1D 45	25.00	27.00	C5D 45	9.00	9.2
B2F 45	22.00	21.00	C5G 45	8.00	8.2
B2D 45	20.00	21.00			
B3F 45	16.00	16.00	Lugs:		
B3D 45	15.50	16.50	X1L	11.50	10.7
B3M 45	13.00	13.75	X1F	10.75	11.5
B3G 45	14.00	14.75	X1D	11.00	12.5
B4F 45	13.00	13.25	X2L	10.50	9.7
B4D 45	13.25	14.00	X2F	9.75	10.0
B4M 45	11.00	11.75	X2D	10.00	11.0
B4G 45	11.50	12.25	X3L	9.25	8.5
B5F 45	10.50	10.75	X3F	8.75	8.7
B5D 45	11.00	11.75	X3D	8.75	9.5
B5G 45	9.75	10.00	X3M	8.00	8.2
			X3G	8.50	9.0
Thin leaf:			X4L	7.75	7.2
C1F 45	28.00	26.00	X4F	7.50	7.2
C2L 45	23.50	20.50	X4D	7.50	7.5
C2F 45	22.00	20.00	X4M	6.75	6.5
C2D 45	---	17.50	X4G	6.50	6.7
C3L 45	16.50	15.00	X5L	6.25	5.6
C3F 45	16.00	15.50	X5F	6.00	5.9
C3D 45	12.75	13.75	X5D	6.00	6.2
C3M 45	12.00	12.50	X5G	4.80	5.0

Continued -

Season average prices per 100 pounds of fire-cured tobacco by grades on representative markets, 1937 and 1938 season to date - Continued

Type 22

United States standard grades 1/	Crop of - 1937	Crop of - 1938 2/	United States standard grades 1/	Crop of - 1937	Crop of - 1938 2/
	Dollars	Dollars		Dollars	Dollars
Heavy leaf:			Thin leaf (contd.)		
X2F 45	19.75	18.00	C4M 45	11.25	9.50
X2D 45	22.00	22.00	C4G 45	9.25	8.25
X3F 45	16.00	14.75	C5F 45	12.25	9.50
X3D 45	18.50	18.75	C5D 45	9.75	8.00
X4F 45	13.25	11.25	C5G 45	7.50	6.50
X4D 45	13.00	14.00			
X4G 45	10.50	9.25	Lugs:		
X5F 45	11.00	9.00	X1F	13.00	10.00
X5D 45	10.00	9.50	X2F	11.25	8.75
X5G 45	8.25	7.75	X2D	10.00	9.50
			X3F	10.00	7.75
Thin leaf:			X3D	8.75	7.25
C2F 45	18.75	17.00	X3M	9.00	7.00
C2D 45	16.75	16.00	X3G	7.25	6.25
C3F 45	15.75	13.00	X4F	8.50	6.25
C3D 45	13.25	12.75	X4D	7.00	5.25
C3M 45	13.50	11.25	X4M	7.25	5.50
C3G 45	11.25	10.25	X4G	5.50	4.25
C4L 45	15.50	12.75	X5F	6.75	4.50
C4F 45	14.00	11.50	X5D	5.25	3.50
C4D 45	11.25	10.25	X5G	3.75	3.00

Type 23

Heavy leaf:			Lugs:		
B3F 45	14.00	13.25	X3F	8.25	7.00
B3D 45	14.75	16.00	X3D	6.25	5.50
B4F 45	10.75	9.75	X3M	6.75	5.50
B4D 45	10.00	9.25	X3G	5.25	4.50
B4M 45	8.75	8.50	X4F	6.50	5.50
B5D 45	7.75	8.00	X4D	5.00	4.20
			X4M	5.25	4.10
Thin leaf:			X4G	3.90	3.20
C4F 45	11.25	9.75	X5F	5.25	3.70
C4D 45	9.00	8.00	X5D	3.60	2.90
C4M 45	9.00	8.00	X5G	2.30	2.40
C4G 45	7.50	7.25			
C5F 45	9.50	8.00			
C5D 45	7.75	6.50			
C5G 45	6.25	6.25			

Continued -

Season average prices per 100 pounds of fire-cured tobacco by grades on representative markets, 1937 and 1938 season to date - Continued

Type 24

United States standard grades 1/	Crop of - 1937	Crop of - 1938 2/	United States standard grades 1/	Crop of - 1937	Crop of - 1938 2/
	Dollars	Dollars		Dollars	Dollar
Heavy leaf:			Lugs:		
B3D 45	15.50	15.00	X2F	8.75	9.2
B4F 45	11.00	11.75	X2D	8.75	9.7
B4D 45	10.75	11.25	X3F	7.25	7.7
B4G 45	8.50	9.00	X3D	6.75	8.0
B5D 45	8.50	9.25	X3M	6.50	7.0
			X3G	5.75	6.5
Thin leaf:			X4F	6.25	6.5
C3F 45	13.25	13.50	X4D	5.50	5.7
C4F 45	10.25	11.00	X4M	5.50	5.7
C4D 45	9.50	10.50	X4G	4.25	4.7
C4M 45	9.00	9.75	X5F	5.00	4.5
C4G 45	7.75	8.00	X5D	4.25	4.0
C5F 45	8.50	8.75	X5G	2.50	2.7
C5D 45	8.25	8.75			
C5G 45	6.75	6.50			

1/ Key to standard grade marks for fire-cured tobacco:

Groups	Qualities	Colors	Lengths	Special factors
A - Wrappers	1 - Choice	L - Light	43 - Under 16"	V - Greenish tinged
B- Heavy leaf	2 - Fine	F - Brown	44 - 16" to 20"	K - Variegated
C - Thin leaf	3 - Good	D - Dark	45 - 20" to 24"	U - Unsound or damaged under 20%
X - Lugs	4 - Fair	M - Mixed	46 - 24" to 28"	
N - Nondescript	5 - Low	G - Green		W - Doubtful keeping order.

2/ Type 21: Season through January 19, 1939.
Type 22: Season through January 19, 1939.
Type 23: Week ending January 18, 1939.
Type 24: Season through January 13, 1939.

Season average prices per 100 pounds of dark air-cured tobacco by grades on representative markets, 1937 and 1938 season, to date

Type 36

United States standard grades 1/	Crop of - 1937	Crop of - 1938 2/	United States standard grades 1/	Crop of - 1937	Crop of - 1938 2/
	Dollars	Dollars		Dollars	Dollars
Heavy leaf:			Thin leaf:		
B2F 45	--	28.50	C2F 45	--	26.00
B2R 45	25.50	26.50	C2R 45	--	25.00
B3F 45	--	21.50	C3F 45	20.50	18.50
B3R 45	18.75	19.75	C3R 45	18.25	17.75
B3D 45	16.25	18.25	C3M 45	15.00	15.00
B3G 45	13.50	14.50	C4F 45	14.50	14.25
B4F 45	--	16.25	C4R 45	12.50	13.75
B4R 45	13.50	15.25	C4M 45	10.25	11.75
B4D 45	12.25	14.00	C4G 45	8.00	10.00
B4M 45	11.25	12.50	C5F 45	9.25	11.50
B4G 45	9.75	11.50	C5R 45	8.25	10.75
B5F 45	--	12.25	C5G 45	6.00	7.50
B5R 45	8.50	11.75			
B5D 45	8.25	10.50	Lugs:		
B5G 45	6.75	8.25	X1F	--	13.75
			X1R	12.75	14.00
Tips:			X2F	11.75	11.50
T4F	--	8.75	X2R	9.50	11.50
T4R	--	9.00	X3F	8.75	9.75
T4D	--	8.25	X3R	7.50	9.50
T4G	--	6.50	X3M	6.50	8.50
T5F	--	7.00	X3G	6.00	8.00
T5R	--	7.00	X4F	5.75	7.75
T5D	--	5.50	X4D	5.00	7.00
T5G	--	4.25	X4M	4.50	6.25
			X4G	4.00	5.00
			X5F	4.00	5.25
			X5D	3.75	4.50
			X5G	2.50	3.00

1/ Key to standard grade marks for dark air-cured tobacco:

Group	Quality	Color	Length
B - Heavy leaf	1 - Choice	L - Light	46 - Over 24"
T - Tips	2 - Fine	F - Brown	45 - 20" to 24"
C - Thin leaf	3 - Good	R - Red	44 - 16" to 20"
X - Lugs	4 - Fair	D - Dark	
N - Nondescript	5 - Low	M - Mixed	
		G - Green	

2/ Season through January 17, 1939.

CIGAR TOBACCOS, TYPES 41-62

Preliminary indications as to prices received for cigar tobacco of t 1938 crop sold up through December point to prices not greatly different from those received for the 1937 production. The heaviest movement of ciga leaf to market normally takes place in January, February, and March. Production of all three classes, filler, binder, and wrapper is estimated as o December 1 to be larger than in the preceding season. The quality of Connecticut Valley binder and wrapper, however, was severely reduced by the hurricane and flood of last autumn. The storm also was responsible for the complete loss of some tobacco, especially Broadleaf, Type 51.

Tax paid withdrawals of large cigars during recent months have run approximately the same as a year earlier. This probably has been due chief to improving business activity and consumer incomes. The demand for cigar tobaccos of the 1938 crop in general probably will be slightly better than last season.

Cigar tobacco: Domestic supplies, disappearance, and season average price, average 1932-36, annual 1937-38 1/

Class and year	Production	Stocks October 1 2/	Total supply	Disappearance, year beginning October	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Filler, Types 41-45					
Average, 1932-36	47.3	174.4	221.7	53.5	7.9
1937	45.0	161.1	206.1	49.2	9.9
1938	3/ 46.9	156.9	203.8		
Binder, Types 51-55					
Average, 1932-36	42.6	197.6	240.2	58.9	11.0
1937	51.2	137.4	188.6	50.6	13.4
1938	3/ 57.4	138.0	195.4		
Wrapper, Types 61-62:					
Average, 1932-36	7.5	15.1	22.6	8.6	69.1
1937	8.5	12.8	21.3	8.9	89.4
1938	3/ 9.0	12.6	21.6		

1/ Farm-sales-weight equivalent.
2/ Stocks held on farms not included.
3/ Indicated December 1. Including loss after harvest as a result of hurricane and flood estimated as follows: Broadleaf (Type 51), 4,001,0 pounds; Havana Seed (Type 52), 2,042,000 pounds; and Shade (Type 61), 471,000 pounds.

GENERAL STATISTICAL DATA

Tax-paid withdrawals of tobacco products in the United States, July-June 1936-37, and July-December 1937-38 1/

Product	Year beginning July			July-December		
	1936	1937	Change	1937	1938	Change
	Millions	Millions	Percent	Millions	Millions	Percent
Small cigarettes	158,680	164,382	+ 3.6	84,534	83,816	- 0.8
Large cigarettes	3	3	0.0	2	2	0.0
Large cigars	5,582	5,363	- 3.9	2,895	2,858	- 1.3
Small cigars	195	175	- 10.3	95	75	- 21.1
Snuff 2/	36,997	37,105	+ .3	18,709	18,937	+ 1.2
Manufactured tobacco 2/	305,742	299,885	- 1.9	149,543	155,591	+ 4.0

1/ Tax-paid withdrawals include products from the Philippine Islands and Puerto Rico. 2/ Thousand pounds.

Production of manufactured tobacco in the United States, July-June 1936-37, and July-October 1937-38

Manufactured tobacco	Year beginning July			July-October		
	1936	1937	Change	1937	1938	Change
	1,000 lb.	1,000 lb.	Percent	1,000 lb.	1,000 lb.	Percent
Smoking	191,413	190,714	- 0.4	62,997	67,450	+ 7.1
Plug	59,957	55,660	- 7.2	20,213	19,209	- 5.0
Twist	6,696	5,891	- 12.0	2,385	1,841	- 22.8
Fine-cut	5,674	5,103	- 10.1	1,874	1,548	- 17.4
Scrap chewing	45,139	43,498	- 3.6	16,107	14,959	- 7.1

Exports of tobacco from the United States by types, export weight, 1936-37 and October-December, 1937-38

Type	Year beginning October		October-December		
	1936	1937	1937	1938	Change
	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	Percent
Flue-cured 1/	302,640	361,919	233,263	256,563	+ 10.0
Burley	11,187	11,089	2,335	2,995	+ 28.3
Ky. and Tenn. fire-cured	50,393	46,980	9,251	10,626	+ 14.9
Va. fire-cured	9,492	7,751	2,176	2,971	+ 36.5
Maryland 2/			5,321	4,509	- 15.3
One Sucker	458	217	34	311	+814.7
Green River	2,172	3,662	212	142	- 33.0
Cigar leaf	730	1,276	353	1,596	+352.1
Black fat and Dark Africans	9,512	7,837	2,067	1,929	- 6.7
Perique	138	142	13	24	+ 84.6
Stems, trimmings, & scrap	20,489	14,760	4,860	6,339	+ 30.4

1/ Year beginning July 1937, and July-December 1937 and 1938.
2/ Year beginning January 1937 and 1938.

Acreage and production of tobacco in the United States, by types, 1937 and 19

Type	Acreage			Production		
	1937	1938 1/	Change	1937	1938 1/	Cha
	1,000 acres	1,000 acres	Per-cent	Mil. pounds	Mil. pounds	Pe ce
Total flue-cured, Types 11-14	973.3	693.0	- 8.3	854.9	788.1	
Old and Middle Belt, Type 11	362.0	339.0	- 6.4	281.6	271.8	
Eastern North Carolina, Type 12	330.0	288.0	-12.7	305.3	252.0	
South Carolina, Type 13	185.0	163.0	-11.9	180.0	158.2	
Georgia, Type 14	96.3	103.0	+ 7.0	88.0	106.1	
Total fire-cured, Types 21-24	144.4	125.0	-13.4	119.8	99.8	
Virginia, Type 21	25.4	21.6	-15.0	20.1	17.1	
Ky. and Tenn., Type 22	82.0	70.0	-14.6	69.4	55.6	
Ky. and Tenn., Type 23	34.5	30.9	-10.4	28.2	24.9	
Henderson, Type 24	2.5	2.5	0.0	2.1	2.2	
Burley, Type 31	443.8	434.6	- 2.1	402.4	387.7	
Maryland, Type 32	35.0	37.5	+ 7.1	23.4	29.2	
Total dark air-cured, Types 35-37	52.9	45.2	-14.6	47.4	37.9	
One Sucker, Type 35	27.1	23.5	-13.3	24.6	19.2	
Green River, Type 36	22.0	18.7	-15.0	19.8	16.2	
Va. sun-cured, Type 37	3.8	3.0	-21.1	3.0	2.5	
Total cigar filler, Types 41-45	40.1	39.0	- 2.7	45.0	46.9	
Pa. Seedleaf, Type 41	23.5	24.0	+ 2.1	28.7	32.4	
Miami Valley, Types, 42-44	15.5	13.8	-11.0	15.1	13.0	
Ga. and Fla. sun-grown, Type 45	1.1	1.2	+ 9.1	1.2	1.5	
Total cigar binder, Types 51-55	35.6	41.9	+17.7	51.2	57.4	
Conn. Valley Broadleaf, Type 51	9.1	8.5	- 6.6	14.0	2/10.0	
Conn. Valley Havana Seed, Type 52	6.6	6.6	0.0	10.2	2/ 8.0	
N. Y. and Pa. Havana Seed, Type 53.	1.1	1.4	+27.3	1.5	1.9	
Southern Wisconsin, Type 54	11.0	15.0	+36.4	14.5	22.5	
Northern Wisconsin, Type 55	7.8	10.4	+33.3	11.0	15.0	
Total cigar wrapper, Types 61-62	10.0	10.5	+ 5.0	8.5	9.0	
Conn. Valley Shadegrown, Type 61	7.2	7.3	+ 1.4	6.0	2/5.4	
Ga. and Fla. Shadegrown, Type 62	2.8	3.2	+14.3	2.5	3.6	
Total, all types	1,735.1	1,626.7	- 6.2	1,552.6	1,456.0	

1/ Indicated December 1.

2/ Including loss after harvest as a result of hurricane and flood estimated as follows: Broadleaf (type 51), 4,001,000 pounds; Havana Seed (type 52), 2,042,000 pounds; and Shade (type 61), 471,000 pounds.

Tobacco Acreage Allotments
Under 1939 Agricultural Conservation Program
(Announced January 26)

Flue-cured tobacco		Fire-cured and dark air-cured tobacco	
State	Allotment Acres	State	Allotment Acres
Alabama	500	Indiana	473
Florida	14,600	Kentucky	83,578
Georgia	86,000	Missouri	100
North Carolina	588,500	Tennessee	51,948
South Carolina	96,000	Virginia	24,001
Virginia	90,000	U. S. total	160,100
National reserve	8,800		
U. S. total	884,400		
		Cigar filler and binder tobacco	
Burley tobacco		Connecticut	12,051
		Illinois	20
Alabama	177	Indiana	133
Arkansas	67	Massachusetts	4,961
Georgia	157	Minnesota	760
Illinois	45	New Hampshire	47
Indiana	11,112	New York	1,087
Kansas	475	Ohio	17,487
Kentucky	277,191	Pennsylvania	26,532
Missouri	6,094	Vermont	35
North Carolina	8,377	Wisconsin	24,887
Ohio	14,082	U. S. total	88,000
Oklahoma	6		
South Carolina	112		
Tennessee	66,468	**Georgia-Florida Type 62**	
Virginia	11,292		
West Virginia	4,345	Florida	2,349
National reserve	5,000	Georgia	551
U. S. total	405,000	National reserve	100
		U. S. total	3,000

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Supplement to
World Acreage and Production of Tobacco
by Countires (Historical Series)
Issued August 1938 (multilith)

Table 6a.- Haiti, Republic of : Tobacco acreage, production, and yield per acre, 1926-32 1/

Year beginning July	Acreage	Production	Yield per acre
	Acres	Pounds	Pounds
1926	2,000	600,000	300
1927			
1928	1,325		
1929	500		
1930			
1931			
1932		300,000	
1933			

Tobacco is of a "very fine quality but little known outside of the country. Haiti imports most of her tobacco". Livre Bleu d' Haiti, 1919, p. 49. Rapport Annuel, 1932-33, p. 66 reports than an estimated average of 1,000,000 pounds of tobacco is produced annually in Haiti. However, available production data do not seem to indicate this amount.

Compiled from reports of United States consul and vice consul; and Rapport Annuel.

Supplement to
World Acreage and Production of Tobacco
by Countries (Historical Series)
Issued August 1938 (multilith)

Table 37a.- Cyprus (British): Tobacco acreage, production, and yield per acre, 1911-37 1/

Year beginning July	Acreage	Production	Yield per acre
	Acres	Pounds	Pounds
1911		1,102	
1912		4,189	
1913		2,205	
1914		7,275	
1915		6,393	
1916		249,340	
1917		1,346,570	
1918	1,193	1,294,541	1,085
1919	1,305	1,050,933	805
1920	563	32,408	58
1921	21	13,791	657
1922	129	48,242	374
1923	140	33,396	239
1924	138	19,858	144
1925	158	18,323	116
1926	371	160,078	431
1927	714	398,754	558
1928	713	473,992	665
1929	1,047	844,977	807
1930	519	291,388	561
1931	240	124,114	517
1932	299	225,452	754
1933	657	461,222	702
1934	2,653	1,611,605	607
1935	1,505	596,320	396
1936	606	304,570	503
1937	220	75,457	343
1938			

1/ Twenty years before the British occupation of Cyprus in 1878 the production of tobacco was a considerable amount. By 1878 the production had fallen to practically nothing because of repeated increases of taxation imposed by the Turkish Treasury. Since British occupation attempts have been made to revive the cultivation but it was not until the World War that an interest in the crop was really aroused.

Compiled from Annual Reports of the Department of Agriculture; and International Institute of Agriculture.